

A MONDRAGON CORPORATION'S PERSPECTIVE

***Abstract:** We tried to locate Mondragon's Cooperativism in the associative and institutional network at a regional and global level, and we considered the possibility of creating a Global Forum for cooperative business groups that are leaders in their respective sectors. The challenges and duties of Mondragon and of the European Cooperative Movement in general are presented. Also, there is a reference to the European Social Economy Regions 2018 pilot, which aims at raising awareness and at the construction of effective networks among the actors involved in the social economy and social innovation.*

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The voice of the Basque cooperative movement is present in the forums for national and international representation. Mondragon's reality is highly valued worldwide; it is a global reference regarding worker cooperatives.

Key Aspects of Mondragon's Model:

- **Business Efficiency:** If cooperatives are not competitive and profitable, there is no social project. It is possible to be efficient and sustainable, holding ethical and cooperative values.
- **Democratic Practices within the Enterprise:** Being owners and having the right to participate in key decisions and results, by improving the decision-making process.
- **Created by and for the People:** Management has to be based on trust and needs high doses of information transparency, a lot of communication and a direction fostering the limelight of teams and individuals.
- **Commitment to Employment:** Cooperatives defend work. The decision-making power is in the hands of the group and thus, in the Country (rooted capital), and internationalization is a means to sustain local employment.
- **Equitable Wealth Distribution:** Capacity to face adverse socioeconomic contexts. Having a double nature "worker/owner" and Intercooperation. Wage scale <1-9.

¹The views expressed in this paper are those of the author and do not necessarily reflect the view of the Cooperatives of the Americas or the Co-operative Confederation of Argentina.

- **Adaptation and Innovation:** “62” years of adaptation due to the growing required competitiveness, but still holding the foundational principles.
- **Reinforcing the Civil Society:** The cooperative movement helps to transfer the self-management logics of co-responsibility and entrepreneurship to other social dimensions.
- **Inter-cooperation Practice:** Among cooperatives or with other public or private entities, either of the Social Economy or external to it.

All Mondragon Cooperatives are members of their respective Cooperative Federation according to their activity. Worker, education, consumer and credit cooperatives are members of Erkide, and those belonging to Erkop (Agri-Food Group of Mondragon) are members of the Federation of Agri-Food Cooperatives of Euskadi (FCAE).

At the level of the Basque Autonomous Community, the institutions of inter-cooperation in which ERKIDE participates in are the Cooperative Confederation of Euskadi (KONFEKOOOP) and the Higher Council of Cooperatives of Euskadi (CSCE).

Erkide and the Federations of Agri-Food and Transportation Cooperatives make up **Konfekoop**, the Cooperative Confederation of Euskadi, which participates in the ICA (International Co-operative Alliance).

The **Mission** of the Federations and of the Confederation is the institutional representation of the cooperative sector, the defense of the interests of the cooperative movement, the promotion of business inter-cooperation, the encouragement of new cooperatives, the accomplishment of information, training and counseling tasks, and the provision of services to Member Cooperatives.

In the Basque Country, the Higher Council of Cooperatives of Euska (**CSCE**) is the place where the Administration (Basque Government), the 3 local Universities and the Basque Cooperative Movement meet. It is a unique and incomparable body worldwide, and one of the functions it performs is fostering and spreading the cooperative movement. Its functions are:

- Fostering and spreading the cooperative movement.
- Being the Advisory body of the Basque Government for all the issues related with cooperativism and for all the projects regarding regulations and laws in general.
- Providing mediation, conciliation, and arbitration among cooperatives and their members.
- Being in charge of the management and administration of FAEC (Application Fund for Cooperative Extinction).

At the level of the state, **ERKIDE** is a member of the Spanish Confederation of Worker Cooperatives (COCETA), the Spanish Union of Education Cooperatives (UECOE), and the Spanish Confederation of Consumer and user Cooperatives (HISPACOOOP).

Moreover, the Federation of Agri-Food Cooperatives of Euskadi (FCAE) belongs to the Spanish Agri-Food Cooperatives. And there are other 3 Cooperative Confederations of

the sector in the State, UNACC (National Union of Credit Cooperatives of Spain), UCOTRANS (Union of Transportation Cooperatives), and CONCOVI (Confederation of Housing Cooperatives).

Each Spanish Federation of Cooperatives participates in an equivalent organization at the European level:

- EUCC – European Cooperative Confederation.
- CECOP – European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises.
- EACB – European Association of Co-operative Banks.
- COGECA – European Confederation of Agricultural Cooperatives.
- EUROCOOP – European Community of Consumer Cooperatives.

And, at the same time, each European Organization belongs to a global Association depending on its activity:

- ICA – International Co-operative Alliance.
- CICOPA – International Organization of Worker Cooperatives.
- ICBA – International Co-operative Banking Association.
- ICAO – International Co-operative Agricultural Organization.
- CCW – Consumer Co-operatives Worldwide.
- ICAO – International Co-operative Housing Organization.

Mondragon Corporation has a representative in **CEPES** (Spanish Social Economy Employers' Confederation). We occupy one of its Vice-presidencies. CEPES is the most representative institution of the Social Economy in Spain, being an institutional platform for dialog with public powers. Its 28 members represent the interests of more than 43,000 enterprises; this is 12.5% of employment and a turnover around 10% of the GDP. Its members, with more than 200 autonomous structures, are national or autonomous Organizations and business groups which represent the interests of Cooperatives, Labor Companies, Mutuels, Integration Enterprises, Special Employment Centers, Association of people with disabilities and Fisherpeople.

As members of Mondragon and the Basque Cooperative Movement, we constantly work to **become recognized as an agent** in those institutional forums in which we are still not present (in 2017, we achieved to have a presence in the SPRI –Society for the Promotion of Industry of the Basque Country and in the Basque Council for Science, Technology and Innovation. In 2018, we expect to become official members of the Basque Council of Education, and we still await to have a representation in Lanbide, the Basque Employment Service.

Besides the unquestionable significance of the Cooperative Movement in Euskadi, in which the first business group of the country (Mondragon Corporation) is included,

even today, we are still at the margins when it comes to participating in the analysis and formulation of proposals for the elaboration of laws, decrees, regulations, plans, and policies introduced by Institutions. And it is there where we should have an influence, **we have to work in a different way so as to gain prominence and become more known and renowned**. Not achieving the expected goals and desires has a lot to do with oneself, so it becomes essential to resort to different strategies and to analyze and work on the issue from different points of views until the paths leading to its achievement are found.

Being committed, not only present. Our driving force is the commitment and determination as active agents in the creation of wealth for our local context and also, our belonging to the business model which best distributes the generated wealth. We should not limit ourselves just to contemplate reality; our Mission is to transform it. To achieve that, we need to participate in the institutional life of the country. And we do not request more than what we can provide. We deserve to play an important role, so as to share our knowledge, in collaboration with all the involved agents. The objective is to build a better Euskadi, a more unified Society, to become more self-managed.

In order to achieve this, we **should**:

- Have a homogeneous and unified discourse by defining a common core of values and messages, and by having a clear and simple dialog with public powers.
- Change the mentality of the sector; be more nonconformist, more ambitious, more persistent, more lobbying.
- Reinforce credibility in the cooperative model. In years of crisis, some Cooperatives (such as *Fagor Electrodomésticos*, from the Furniture Group) have changed their corporate status due to the entrance of foreign investors. They do not exist any longer and they are in meetings of creditors. This shows that capital cannot save what the Cooperative did not make possible. On the other hand, there are capitalist enterprises turned into cooperatives which succeed in the market.
- Provide politicians with reflections and guidelines for action, beyond generic discourses.
- Include training in Social Economy Entrepreneurship at all educational stages and levels.

The **challenges of the European Cooperative Movement** are not very far from the above-described ones:

- Defining common/core elements of the different cooperative families.
- Having a unified message.
- Gaining more social and institutional prominence/recognition.
- Defining relations and activities with other SE realities.

In relation to **Social Economy**, Konfekoop participates in **EGES** and **CEPES**, the Basque and Spanish networks of Social Economy, and also in Cooperatives Europe.

Facts about the Spanish Social Economy: Besides the well-known importance of Cooperatives and Labor Companies, which together represent more than 30,000 enterprises, some hardly known facts should be highlighted:

- The final production of agri-food cooperatives represents 60% of the total production of Spain.
- Credit cooperatives ended up with a credit portfolio superior to 96,000 million Euros, 6% more than at the beginning of the crisis.
- 15% of the Spanish population lives in dwellings encouraged by cooperatives and 45% of the Property Development is in the hands of cooperatives.
- The sanitary cooperative model -Asisa, Moncloa Hospital- has more than 35,000 jobs and a turnover of more than 1,500 million Euros.
- 25% of the Spanish social security is managed by 371 Mutuals, which have 38,000 million Euros in assets for supplementary pensions for more than 2,500,000 million mutual people. In Europe, the sector concentrates 29.8% of the market and around 390 million policyholders and members.

A business network that is increasingly more present at the highest levels of the political agenda, both in Spain and in Europe.

In Europe, there are 2 million SE enterprises, which hire more than 14.5 million people and which represent 8% of the GDP of the European Union. In Spain, there are more than 43,000 SE enterprises, which provide more than 2.2 million jobs and produce 10% of the GDP of the State.

According to the Ministry of Employment of Spain, job losses related to the Social Economy have been up to 7 points less than the ones related to traditional enterprises, and they have even reached 10 points less in the case of cooperatives. In the last 7 years, more than 31,000 new enterprises and more than 210,000 jobs have been created.

The new **Agenda for Sustainable Development** adopted by the United Nations in September 2015, establishes the goals and challenges that the International Community has established for the next 15 years, aiming at eliminating poverty and fostering a sustainable economic development which is respectful of the planet and its resources.

The fact that the Social Economy enterprise model is based on values such as solidarity, participation and responsible business action for the people, makes the United Nations give special prominence to the Social Economy in the achievement of this new Agenda.

Today, the Social Economy in Spain is an unquestionable reality, present in the economic, political and social scenario, at the national and international levels; but over all, it has very important growth potentials and future prospects.

The key to making progress is being united in order to know how to build, and building in order to be united. Being able to give prominence to general interests first rather than

to particular ones and to work jointly in what unites us: Our principles and values, which defend a human-centered business model.

As Pope Francis asserts: “Creating a more just society is not a dream of the past, but a commitment, a job that needs all of us today”. And this is what Social Economy represents.

The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission is launching a **European Social Economy Regions 2018 pilot** aiming at building effective networks of the social economy and social innovation stakeholders and raising awareness about the social economy at regional and local level. The pilot will bring together regional and local stakeholders, social economy enterprises, social innovators and policy-makers in order to promote added value and benefits of the social economy on the ground. We have been invited, as any public regional entity with links to the social economy, to submit a proposal for organizing a local event in close collaboration with regional stakeholders.

The sector of the social economy in Europe and the activities it comprehends need a particular campaign and support. There are many active interested parties of the social economy at the regional level; however, the lack of collaboration among them is significant and their voice is not being listened in an adequate way. The European Social Economy Regions 2018 pilot will lead to effective alliances and networks among the interested parties of the regional social economy and it will provide a unique opportunity to make their voice listened in the European Commission. The results of the regional pilot projects will be presented at the Global Social Economy Forum in October, in Bilbao, and at the Committee of the Regions Open Days, in Brussels.

The Commission will support the organizers of the local events by offering them:

- An expert of the Commission for the debate, depending on the selected topic/language of the debate.
- The provision of a joint visual identity of the European Social Economy Regions 2018 pilot.
- The promotion of local events on a special website and a collaborative platform.
- The invitation to present the results of the regional pilots and to share the best practices at the Global Social Economy Forum in October (Bilbao) and at the Committee of the Regions Open Days.

Facing the future, an interesting line of work consists in creating a **Global Cooperative Forum**, made up of the cooperative business groups that are leaders in their respective sectors: Mondragon, when it comes to associated work, and Desjardins, when it comes to financial services...; a place to work on issues related to management, good business practices, possible synergies, etc.

Finally, these are some contributions, from our immediate reality, for reflection, debate, and discussion, if applicable, to youth and gender:

- Today, struck by the assistance provided for farming and livestock, incorporating young farmers implies their automatic inclusion in the Governing Council of the Cooperative. What was interference at first has turned into an excellent opportunity for both the integration of the new members and their contributions with different (and almost always positive) views.
- According to Konfekoop, at the end of 2017, 51.49% of cooperative workers were women. In 2009, the total amount of women workers was 47.21%. Since then, until 2017, there has been an increased in the amount of 5 points.
- En 2016, women's employment in the Basque Autonomous Community (BAC) represented 47.5% of the total. In Mondragon Corporation, we have surpassed these percentages (50.1%). 3.7% of the total women's employment in the BAC corresponds to cooperatives belonging to Mondragon (10.6% if we consider industrial employment), considering global figures of 3.5 and 8.8 respectively.
- Concrete actions taken by concrete cooperatives:
 - EROSKI/Equality Observatory: In 2016, they continued developing up to 58 concrete measures for equality.
 - Laboral Kutxa: 3rd Equality Plan, with 5 courses of action which contemplate 32 measures. It is the only Board of Directors (governing body) of the Spanish bank sector with a parity criterion.

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